

Message Text

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PAGE 01 DURBAN 00195 121343Z

ACTION AF-10

INFO OCT-01 EUR-12 ISO-00 EB-08 AGRE-00 /031 W

-----121402Z 036505 /44

R 121255Z APR 77

FM AMCONSUL DURBAN

TO SECSTATE WASHDC 2540

USDOC WASHDC

INFO AMCONSUL CAPE TOWN

AMCONSUL JOHANNESBURG

AMEMBASSY PARIS

AMEMBASSY PRETORIA

UNCLAS DURBAN 0195

CAPE TOWN FOR EMBASSY

EO 11652: NA

TAGS: ETRD, EIND, SF

SUBJ: TRIOMF FERTILIZER'S PHOSPHORIC ACID AGREEMENT WITH
U.S. COMPANY

REF: DURBAN A-9, 76 A-53

1. TRIOMF FERTILIZER, WHOSE PLANT IS LOCATED AT RICHARDS BAY, NATAL, HAS NEGOTIATED AN AGREEMENT WITH U.S.-BASED INTERNATIONAL ORE AND FERTILIZER CORPORATION, TO MARKET ALL TRIOMF'S EXPORT PHOSPHORIC ACID. TRIOMF EXPECTS TO EXPORT BETWEEN 500,000 AND 700,000 TONS OF ACID ANNUALLY.

2. TRIOMF PREVIOUSLY HAD A FIXED-PRICE MARKETING AGREEMENT WITH A FRENCH COMPANY, GAZOCEAN. HOWEVER THE CURRENT PRICE OF PHOSPHORIC ACID HAS FALLEN WELL BELOW AGREED PRICE, AND GAZOCEAN HAS WITHDRAWN FROM THE CONTRACT, ALTHOUGH IT AGREED ON PAYMENT OF \$35 MILLION COMPENSATION TO TRIOMF OVER NEXT TEN YEARS. NEW AGREEMENT WITH INTERORE IS UNDERSTOOD TO BE ON MARKET-PRICE BASIS, AND IMPORTANCE OF AGREEMENT LIES IN
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PAGE 02 DURBAN 00195 121343Z

ASSURED MARKETS FOR TRIOMF AT A TIME OF INTERNATIONAL OVER SUPPLY. TRIOMF EXECUTIVES SAY THEY ARE CONFIDENT OF AN IMPROVING WORLD MARKET PRICE FOR PHOSPHORIC ACID, BUT CLAIM CURRENT MARKET PRICE PLUS ANNUAL COMPENSATION PAYMENT FROM GAZOCEAN MORE THAN COVERS COST OF PRODUCTION.

3. COMMENT: THE FINANCIAL UNCERTAINTIES THAT HAD BEEN

PLAGUING TRIOMF'S RICHARD BAY OPERATION NOW SEEM REMOVED,
AND THE MODERN PLANT, WHICH ONLY RECENTLY HAS BEGUN PRODUCTION,
WILL LIKELY BE ABLE TO CONTINUE. IT IS POSSIBLE PLANT WILL
BE OPERATING AT A NET LOSS HOWEVER, AT LEAST UNTIL THERE IS
SOME IMPROVEMENT IN WORLD MARKET PRICE. WE HAVE BEEN UNABLE
TO DEVELOP MORE INFORMATION ON WHETHER PRODUCT BOUGHT FROM
TRIOMF WILL BE SOLD IN US OR ELSEWHERE. ANY INFORMATION
COMMERCE CAN PROVIDE ON INTERORE AND ITS MARKETING PLANS FOR
ACID WOULD BE OF INTEREST.FARBER

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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